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Following are President's instructions to Clarence Randall and Ambassador for meeting with Nkrumah: MAY 1964

After long and careful study of many considerations, both pro and con, relating to US participation in Volta River Project, I have, with some reluctance and misgiving, decided ~~to~~ authorize US financial assistance to project.

Decision is in no sense endorsement of President Nkrumah or his policies, and it is of utmost importance to US Government that no one, either in Ghana, US or elsewhere in Africa, regard it as such. To this end greatest care must be exercised present decision to Nkrumah in such way ~~that~~ he cannot use it for his personal aggrandizement.

I have written personal letter to ~~President~~ Nkrumah informing him of my decision which you should hand to him. In this letter I have stated very candidly I have decided go ahead with project in spite ~~of~~ certain misgivings which American people and Government have regarding Ghana's policies. I believe ~~President~~ Nkrumah

DECLASSIFICATION DATE 1/30/76
PER C. Jones OFFICE AF
FADRC FOI CASE NO. 5-D-322

Drafted by: AFW:WBCoote:eei 12/14/61

Telegraphic transmission and classification approved by: AF: Henry J. Tasca

Clearances:
White House - Mr. Dungan
AF - Governor Williams
L - Mr. Chayes
U - Mr. Springsteen
S/S-Mr. Brubeck

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FORM DS-322 5-61

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would be more impressed with seriousness of our misgivings if someone in whom both he and I have confidence were to emphasize orally some of most troublesome problems. Accordingly, I am asking you to take on this important assignment.

In your presentation to Nkrumah you should cover following points:

Civil and Political Rights: You should very frankly convey to Nkrumah this decision has been most difficult one for me to make and it was only after most intense study I decided proceed with US support. Decision will present to me and my Administration domestic political problems of first order. There has been widespread criticism of and alarm over what appears to American people as accented trend toward suppression of civil and political rights by GOG. Moreover, extent to which Ghana's policies in international field coincide with Soviet Bloc positions and objectives has also caused considerable concern.

In democratic society as exists in US, aid to underdeveloped countries depends on yearly appropriation by Congress and can continue only so long as program has wholehearted support of American people. It is matter of worldwide interest in administering foreign aid program for Administration to maintain continued confidence of the people and take no action which would jeopardize their support. While US does not wish interfere internally in Ghana or any other country, it is reasonable expect that recipient countries share same basic

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ideals of freedom and justice as we. We hope Nkrumah will be able take concrete steps demonstrate his own and his Government's regard for these basic values. Among most useful and immediate actions he could take would be public assurance of freedom of newsmen to report events in Ghana.

Financial Soundness: Ghana's mounting expenditures and dwindling foreign reserves have cast doubts in many minds that GOG will be able meet financial commitments. Re ~~in~~ problem of stemming further deterioration Ghana's foreign reserves and marshalling domestic resources so that progress on project will not be endangered, you should propose GOG move quickly set up consultative relationship with IBRD provided in loan agreement. You should note to Nkrumah that provisions in loan agreement give IBRD consultative authority as to Ghanaian development plans and external borrowing. It would be desirable for GOG request promptly designation of resident IBRD representative to carry out these provisions.

Private Enterprise: In view Nkrumah's avowed socialist policies fear exists once the smelter completed it might become target for nationalization. Again we have no wish dictate internal political and economic arrangements. Nevertheless Volta Project involves large American private investment, guaranteed against expropriation by USG. Would be difficult go ahead with substantial assistance to project unless convinced it not inconsistent with line of economic development Ghana has chosen. Would

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be helpful if Nkrumah would renew assurances that policy of socialism for Ghana precludes expropriation of this enterprise some later date.

Covenants in Contract: Despite foregoing points, we not imposing conditions on our assistance to project. We are prepared sign contract and undertake its obligations. However, contract is two-way street. It binds GOG in many important respects. As Nkrumah knows, total amount of loans not to be made available Ghana immediately. Will be paid out over number years as construction progresses. Breach of covenants which GOG has undertaken in signing contract can result in suspension or termination of payments under loan.

At this point, you should review principal financial and economic covenants. Should emphasize provision permitting termination of loan in case of ~~xxxxx~~ QUOTE an extraordinary situation which DLF determines makes it improbable /Ghana/ will be able perform its obligations under ~~in~~ loan agreement or that ~~xxx~~ loan would fulfill purposes of legislation governing DLF. ~~xxxxxx~~ UNQUOTE Should stress DLF Act designed to further QUOTE progress of free peoples in their efforts further their economic development, and thus strengthen their freedom ... UNQUOTE Act attempts QUOTE strengthen friendly foreign countries and assist, on basis of self-help and mutual cooperation, efforts of free peoples to develop their economic resources and free economic institutions. UNQUOTE Furthermore, Act states QUOTE Fund in its operations shall recognize development loan assistance will be most effective in those countries

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which show responsiveness to vital long-term economic, political, and social consensus of their people. UNQUOTE

Summary of Assurances: You should inform Nkrumah it would be very helpful for me in dealing with American public opinion if he could give me following assurances:

a) Ghana is sineerely and genuinely independent.

b) Freedom of foreign newsmen to report events in Ghana.

c) GOG will not resort to subversive, terroristic or other measures designed interfere in internal affairs of other independent African states.

d) GOG will assure people of Ghana degree of political liberty consistent with security of country.

e) Ghana's policy of socialism precluded expropriation of this enterprise at some later date. Foreign enterprise will continue play significant role in economic and industrial development of Ghana.

f) Prompt acceptance of resident IBRD representative.

Would be preferable if you could get Nkrumah agree to issuance of joint communique, provided substance along lines attached draft or contains other equally satisfactory and useful language. Should use your discretion and not push for communique if it will contain only meaningless generalities. Failing a communique, any other useful public expression on any of points listed above would be desirable.

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Private assurances to you should be accepted only as last resort, and should be recorded in memorandum of conversation or aide memoire.

Continuous Consultation between Nkrumah and American Ambassador: Finally, you should express to Nkrumah my hope he will consult freely and frankly with American Ambassador on various issues you have raised this time as well as on matters arising specifically on Volta Project.

Signing of Contracts: You should inform Nkrumah that to expedite conclusion of agreements signing should take place in Washington. If he mentions possibility of coming Washington himself to sign for Ghana, you should dissuade him from doing this by informing him signing will be on official level. If occasion arises, you may wish suggest Amb Halm would be suitable representative. END INSTRUCTIONS

Not planning cable text President's letter to Nkrumah or draft joint communique. Randall carrying these and will discuss communique with you there.

BALL

ACTING

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(MMA)

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